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A real need of the business student for a concise textbook on the subject of bills and notes is met in this book, which was prepared in the Extension Division of the University of Wisconsin. The author supports his general discussion of the subject by numerous quotations from leading cases as well as by summaries of cases. By this feature he brings before the reader illustrations of the practical working of negotiable instrument law in the business world. The book also contains a valuable appendix in which the text of the uniform negotiable instruments law as in force in Illinois and as adopted in a modified form in Wisconsin is set forth in full. The text follows the order of topics in the uniform act and contains numerous references to it.

P. W. VIESSELMAN.

OWEN, R. L. *The federal reserve act.* (New York: Harper. 1919. Pp. 107.)

OWEN, R. L. *Foreign exchange.* (New York: Harper. 1919. Pp. 79.)

Bankers' directory and bankers' register (with list of attorneys); bankers' blue book. (Chicago: Rand McNally. 1919. Pp. 2100. \$10.)

Banking service for foreign trade. (New York: Guaranty Trust Co. 1919. Pp. 15.)

Fifth annual report of the Federal Reserve Board covering operations for the year 1918. (Washington: Supt. Docs. 1919. Pp. 913.)

A handbook of finance and trade with South America. (New York: National City Bank. 1919. Pp. 51.)

A useful summary of the various documents connected with the opening of commercial credits and the use of drafts, bills of lading, etc.

How business with foreign countries is financed. (New York: Guaranty Trust Co. 1919. Pp. 55.)

Contains some twenty forms—acceptances, drafts, bills of lading, consular invoices, and export and import letters of credit.

Thrift and savings. A selected bibliography. Bulletin of the Russell Sage Foundation Library, no. 34. (New York: Russell Sage Foundation. 1919. Pp. 3.)

The Wheeler system of banking and industrial credit. (Washington: Wheeler Banking-System and Industrial-Credit Assoc., 1214 New York Ave. 1919. 50c.)

Public Finance, Taxation, and Tariff

The Problem of a National Budget. By WILLIAM FRANKLIN WILLOUGHBY. Studies in Administration, Institute for Government Research. (New York: D. Appleton and Company. 1918. Pp. xiii, 220. \$2.75.)

The Movement for Budgetary Reform in the States. By WILLIAM FRANKLIN WILLOUGHBY. Studies in Administration, Institute for Government Research. (New York: D. Appleton and Company. 1918. Pp. xi, 254. \$2.75.)

These two books are parts of the series of studies in administration undertaken by the author and other investigators under the auspices of the Institute for Government Research. Studies of the British system of financial administration and of the Canadian budgetary system as well as the translation of Stourm's *Le Budget* have already been published. The two books under review deal with the same general subject: the adaptation of scientific budget making to the American system of political organization in which the legislative and executive functions are exercised by independent and separate groups of officers. Although *The Problem of a National Budget* deals primarily with the problem of adaptation in the national government, the author has not limited the treatment narrowly. The first three and the seventh chapters, which treat of the nature and functions of the budget, legislative action on the budget, and specialized *versus* lump-sum appropriations, contain an excellent exposition of general principles. The author has not, of course, attempted a general treatise on the subject of budgets and therefore many questions such as the relation of the budget to constitutional government are only considered briefly in connection with special problems. Much of the discussion in this volume has previously been published in journals. As a result there is a certain amount of repetition and a slight lack of general coherence between the different chapters.

The volume on budgetary reform in the states is largely a report with comment on the progress made by the various states in attempting to secure greater economy in the appropriation and expenditure of public revenues. The reader is specifically referred to the work first cited for discussion of general principles.

One may well conclude after reading Stourm's first chapter that attempts to define the term "budget" are not likely to prove profitable, so diverse are the definitions that have been set up by writers on public finance. Nevertheless we find in *The Problem of a National Budget* a new variant. For Mr. Willoughby the budget is at once a comprehensive report of finances and a complete work program covering all the operations of government. It is a mistake, in his judgment, to include in the concept of the budget the revenue and appropriation acts. The latter are essentially legis-

lative functions while the budget should be formulated by the executive. When so formulated it furnishes an excellent means of insuring executive responsibility. On the other hand, the existing practice of allowing separate committees of the House to bring in the appropriation bills results in dispersion of responsibility, hampers administration, and conduces to waste and inefficiency.

Subject to the restrictions implied in his definition, the author is an advocate of the executive budget. He recognizes, however, that: "Whatever may be the theoretical correctness of complete concentration of appropriating power in the hands of the executive, it is of course clear that the complete relinquishment by the legislature [Congress] of the power of modifying budget proposals belongs in the realm of the future" (p. 42). But no such relinquishment is required for the accomplishment of the fundamental reforms necessary to introduce order, responsibility, and a measure of economy. The first requisite is the substitution of a balanced, comprehensive financial report for the Book of Estimates now compiled and transmitted to Congress by the Secretary of the Treasury. Accompanied by documents containing data of expenditure so arranged as to show the cost of government by organization units, by funds, by activities, and by character and object of expenditure, such a report would be a distinct step in advance, even if reform went no further. It is of course desirable that this report should come to Congress as a message from the President. But in order that the chief executive shall be able to submit a complete budget accompanied by the necessary supporting documents he must have the aid of "an organ of general administration," a commission, whose duty it should be "to prescribe the system of accounting and reporting that shall be employed by all services of the government, to receive the reports as rendered, compile them and analyze their contents in such form that the chief executive can currently keep in touch with the conduct of administrative affairs, to prescribe the manner and form in which estimates shall be submitted and to compile such data for budgetary purposes" (p. 33). Moreover, the commission should be charged with the duty of standardizing personnel and administrative practices. In short, it should act as assistant to the President in all purely administrative matters. Obviously, it would be superior to the departments. The establishment of such an organ of administration the author regards as the second requisite for the introduction of a budget system.

Although it is asserted that the commission would have nothing to do with the actual performance of the work of government, the probable relations between it and the cabinet officers are not discussed. It would apparently have more power than the British Treasury, since the latter has only a very limited supervision over the two great spending departments, Admiralty and War.

The third step in the establishment of a budget system should be the centralization of authority over appropriations, and perhaps revenues, in a single budget committee of the House of Representatives. Preferably this committee should be made up of the chairmen of the standing committees having to do with legislation for the various departments. If so, the latter committees should be so reorganized as to correlate more closely with the administrative departments. The centralization of power that would accompany the creation of the budget committee does not alarm the author, partly, it may be inferred, because he is a believer in centralization as a matter of principle, and partly because concentration of power would work definiteness of responsibility. Budget procedure in the two houses cannot be coördinated by any single obvious method. A joint committee or parallel organization might succeed. The former is favored. To the reviewer it appears that none of these mechanical devices is likely to insure success until a majority of both houses shall have accepted unreservedly the practice of preferring nation-wide benefits and economy to local advantage and easy-going methods in public business.

A further desirable innovation is the utilization of the principle of the holding corporation by Congress for the control of such industrial undertakings as the Panama Canal and the Postal Service. The heads of these services should be required to submit their working programs to Congress for approval or modification. Once these programs have been acted upon the administrative heads should be allowed to proceed with considerable freedom in the actual conduct of the services for which they are responsible. In this way Congress could divest itself of a considerable burden of detailed legislation without relinquishing final control and at the same time the administration would secure greater freedom of action.

The volume is concluded by an argument for the creation of a national commission on the budget. This is the immediate need and the next important step in the establishment of a national budget system. Most of the technical details necessary for the

improvement of financial administration, such as the installation of systems of accounts and reports, must be worked out by some such body whether an executive or a legislative budget shall be adopted. The facts necessary for the determination of the kind of budget system to be adopted must be collected and presented in usable form. For this work a commission composed partly of members of Congress and partly of representatives of the administrative branch is most likely to present a workable scheme.

The major portion of the text of *The Movement for Budgetary Reform in The States* is devoted to excerpts from state constitutions and statutes. Comment and criticism of the measures adopted in the various states accompany the excerpts. A comparative analysis and general summary of the legislation thus far enacted occupies the last three chapters. A surprising amount of progress toward the adoption of good budgetary practices has been made. In twenty-five states provision has been made for the submission to the legislature of estimates in compiled form; in eleven the governor is required to prepare the budget; and in four, Delaware, Maryland, New Mexico, and Utah, he is required to accompany this report with a budget bill. In the last three the action of the legislature is restricted to the elimination or reduction of the appropriation items in the bill presented by the governor. Subsequent to the passage of this bill the legislature may, if it sees fit, pass supplementary appropriations. Encouraging as are these laws they must not be over-valued. In few if any instances have all the steps been taken that are necessary to insure correct financial administration. The problem is complicated by the general dispersion of administrative responsibility among a number of elective officers. The governor is not at the head of an integrated system. Moreover, it must be remembered, correct practices are the product not only of model laws but also of capable execution of the laws. Without good accounting, adequate reports, etc., the passage of budget laws cannot be completely successful.

Both books are provided with valuable bibliographies and both contain reprints of certain important reports in the appendices. The volume on the problem in the states should prove very useful to members of state legislatures and budget commissions.

F. B. GARVER.

Leland Stanford University.